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FM AMEMBASSY HARARE  
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INFO RUCNSAD/SOUTHERN AFRICAN DEVELOPMENT COMMUNITY  
RUEHUJA/AMEMBASSY ABUJA 1240  
RUEHAR/AMEMBASSY ACCRA 1085  
RUEHDS/AMEMBASSY ADDIS ABABA 1246  
RUEHRL/AMEMBASSY BERLIN 0037  
RUEHBY/AMEMBASSY CANBERRA 0504  
RUEHDK/AMEMBASSY DAKAR 0870  
RUEHKM/AMEMBASSY KAMPALA 1298  
RUEHNR/AMEMBASSY NAIROBI 3669  
RUEHFR/AMEMBASSY PARIS 1069  
RUEHRO/AMEMBASSY ROME 1708  
RUEATRS/DEPT OF TREASURY WASHDC  
RUEKJCS/JOINT STAFF WASHDC  
RUFNOA/HQ USEUCOM VAIHINGEN GE  
RUFOADA/JAC MOLESWORTH RAF MOLESWORTH UK  
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RHEHNSC/NSC WASHDC  
RUEHBS/USEU BRUSSELS  
RUCNDT/USMISSION USUN NEW YORK 1455

C O N F I D E N T I A L SECTION 01 OF 02 HARARE 000724

SIPDIS

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AF/S FOR B. NEULING  
SENIOR AFRICA DIRECTOR C. COURVILLE  
STATE PASS TO OFAC  
TREASURY FOR J. RALYEA AND B. CUSHMAN  
COMMERCE FOR BECKY ERKUL

E.O. 12958: DECL: 06/14/2015  
TAGS: [PGOV](#) [KFPC](#) [PREL](#) [ZI](#)  
SUBJECT: US SUBSIDIARY CONFESSES SANCTIONS SINS

Classified By: Charge d'Affaires, a.i., Eric T. Schultz under Section 1  
.4 b/d

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Summary  
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11. (C) The Managing Director of the Zimbabwe branch of Greif, an Ohio-based packaging company, told poloff on June 14 that his branch had been knowingly violating US financial sanctions for several years by providing services to Robert Mugabe and other specially designated nationals (SDNs). Tichafa Ndoro said his head office in Ohio was aware of the transactions. Confronted with the seriousness of these apparent violations, Ndoro returned to the Embassy on June 15 with the company's domestic financial officer and Zimbabwe lawyer, who contended that Greif should not be subject to the executive order. End Summary.

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Executive Comes Clean on Sanctions  
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12. (C) A member of the American Business Association of Zimbabwe (ABAZ), Ndoro telephoned poloff on June 13 initially requesting that emboffs brief an American official from their South Africa office, Rob Zimmermann, who plans to visit Zimbabwe next week on an orientation tour. Recalling a letter sent by the Embassy to all ABAZ member reminding them of US financial sanctions, Ndoro also asked if he could meet with poloff to learn more about the sanctions and possible implication on Zimmerman's trip. Poloff shared with Ndoro that there were no sanctions against travel to Zimbabwe. During this initial phone conversation, Ndoro told poloff that he had recently received a check "from the office of the

vice president." Poloff agreed to meet with him the next day.

13. (C) On June 14, Ndoro told poloff that his company has been providing packaging material to one of Mugabe's poultry and pig farms, named Kutama Farms, for the past 15 years. Ndoro remarked that he often stared in disbelief at the checks, which were written from Mugabe's personal bank accounts. He also stated that Greif had recently received a check from Vice President Joseph Msika for similar packaging material. Although the company no longer accepted checks from ordinary clients, Ndoro said that he made exceptions for Mugabe and Msika.

14. (C) Poloff advised Ndoro of the financial sanctions against Mugabe, Msika, and other high-ranking GOZ officials. Ndoro responded that he was already aware of the executive order. Seeking to justify his actions, he asked how his company was supposed to turn down the President of Zimbabwe. Moreover, other US companies involved in the agricultural sector, such as Olivine and Pioneer Seed, were also violating the sanctions. The executive even mentioned that some in his office had suggested that the sanctioned individuals develop ways to disguise their involvement.

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Notified Head Office of Violations  
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15. (C) Ndoro told poloff that he had notified his head office in Ohio that he was selling to SDNs. He did not indicate what response if any response came from the U.S. office. Ndoro stated that Greif headquarters had recently

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asked all managing directors of its foreign offices to sign a code of conduct, which among other things required the managing directors to abide by U.S. sanctions. Ndoro was the only executive not to sign the document, noting that he told his superiors that he would sooner resign.

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Arguing Against Sanctions' Applicability to Greif  
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16. (C) A tighter-lipped Ndoro returned to the Embassy on June 15 with the company's Zimbabwe lawyer, Susan Brighton, and finance manager, Herbert Pasipamire, to urge the sanctions' inapplicability to the Zimbabwe branch's activities. The group argued that the branch conducted its operations entirely in Zimbabwe and was not considered a U.S. company under Zimbabwean law. Moreover, they said most of Greif's stockholders were based in the Netherlands. (N.B. Which also maintains financial sanctions against Mugabe and his regime.) The trio said they would furnish more detailed information on Greif's corporate structure relevant to the company's domicile as it may pertain to sanctions.

17. (C) The group urged further that sanctions not be applied in Greif's case on policy grounds. They maintained that barring the company's business with sanctioned individuals would lead either to reduced sales and layoffs and/or the eventual take-over of the branch by ruling elite interests. They feared a rash of law enforcement actions by GOZ officials should they cut off sanctioned individuals, followed by the possible incarceration of branch principals. The damage to the company and its workforce would punish "innocents" without appreciable impact on those targeted.

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Comment  
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18. (C) We plan to develop more information on Greif and its possible sanctions violations, and will report accordingly. Given the local office's very open posture and willingness to share information, an approach to the company's potentially

more cautious headquarters in Ohio at this time could prove counter-productive. In the same vein, we can't rule out that knowledge of our interest in this case will get into the public domain. However, we believe this could serve to reinforce publicly our commitment to pressing and isolating those targeted by the President's executive order.

SCHULTZ